

Memorandum

To: Health Care Payers

From: Massachusetts Division of Health Care Finance and Policy

Re: Updated - Additional Guidance and Clarification of the APCD Variance Review Process

Date: February 9, 2011

In July 2010, the Division adopted 114.5 CMR 21.00 which governs the reporting requirements for Health Care Payers to submit data and information to the Division in accordance with M.G.L. c. 118G, § 6. On January 26, 2011, the Division posted an Administrative Bulletin 11-05 notifying Health Care Payers required to submit data under 114.5 CMR 21.00 that the deadline for data submission had been extended.

The purpose of this memo is to provide health care payers with an overview of the Division of Health Care Finance and Policy's (Division) effort to review the all-payer claims database variance requests, provide clarification of the Division's expectation during the review process, and provide an updated timeline for submission and review.

Goals for the Variance Application Review Process -

The Division is committed to using the variance application review process to have an open dialogue with payers and to complete a thorough review of the submitted variance application and all supporting documents. To accomplish this, the Division will meet with payers to provide technical support, to document submission challenges, and to collaboratively discuss remediation plans that will have a mutually beneficial result. The Division hopes the collaborative discussions and active partnership with payers will lead to a final variance application with a signature from a payer representative that reflects a commitment toward a common agreement for the data submitted through 2011.

The Division acknowledges that the completion of all fields from the variance application will depend on the status of efforts to develop and generate test and production files. Payers should, however, submit variance requests with as much information and documentation to describe the current issues and plans for remediation. The Division's liaisons will be in regular contact with payers to understand the specific challenges to submitting data and to provide technical support and clarification when necessary.

Payers should use the results from production files submitted by February 28, 2011 and the monthly submission for March, April, and May 2011 to provide the Division with detailed descriptions of all remaining challenges and propose detailed remediation plans. As this will likely require an iterative process between payers and the liaisons, the Division will not penalize payers that are actively engaged with the Division throughout the review process.

Variance Review Timeline -

In November 2010, the Division distributed a memo describing the variance application review process and stated the expectation that payers who are actively engaged throughout

the process should have a completed agreement and variance application no later than March 31, 2011.

The Division has extended the expected deadline for final certification of the variance requests to May 31, 2011. The Division's liaisons will continue to work with payers through the data submissions in February, March, April, and May 2011 and payers may utilize the production files to assist in the completion of the variance application. This will be necessary to facilitate constructive dialogue with the Division about proposed thresholds and remediation plans.

Next Steps -

The Division appreciates payer collaboration throughout the implementation of the all-payer claims database, including the variance application review process, to realize the shared goal of administrative simplification and to ensure the submitted data meet the analytic needs of the Division and its sister agencies.

Health care payers who have not submitted a variance request using version 2.1 of the application must comply with the Division's request to submit the most complete and updated form as soon as possible. The Division will be sending notification letters to payers who have not submitted the latest version of the variance application request by February 4th, 2011.

Overview of the APCD variance review process

- **What are the Division's goals for the variance application review process?**
 - The Division is committed to using the variance application review process to have an open dialogue with payers and to complete a thorough review of the submitted variance applications and all supporting documents. To accomplish this, the Division will meet with payers to provide technical support, to document submission challenges, and to collaboratively discuss remediation plans that will have a mutually beneficial result. The Division hopes the collaborative discussions and active partnership with payers will lead to a final variance application with a signature from a payer representative that reflects a commitment toward a common agreement for the data submitted through 2011.
- **What is the difference between version 2.0 and 2.1 of the variance application?**
 - There were some additional changes to the submission guides from V2.0 to V2.1 (dated December 1, 2010) and the variance request forms were updated to align with the latest version of the submission guides. The changes are reflected in the beginning of the submission guides.
- **Are payers required to submit data while the variance applications are being reviewed?**
 - Payers should utilize the production files submitted by February 28th as well as the monthly submission for March, April, and May 2011 to assist in

the completion of the variance application and to facilitate constructive dialogue with the liaisons about proposed thresholds and remediation plans. All production files will be measured against only the final certified and approved variances.

- **Can payers resubmit an updated variance application request?**
 - The Division encourages payers to utilize the results of the edit reports from test and production files to inform the completion of the variance applications. Therefore, the Division anticipates payers will update and resubmit variance request applications several times before the variance application review process is complete. Payers may resubmit variance applications before and after February 28th.
- **Are certified signatures required with each updated submission of the variance application?**
 - Only the final certified and approved variance application will require a certified signature. The Division will provide payers with greater detail about the process and requirements for submitting the variance application with certified signature soon.
- **When will payers be notified of the variance approval?**
 - The Division believes payers who are actively engaged with submitting production data, updating variance application requests, and maintaining open communication with the Division should have a completed and mutually agreed upon variance application no later than May 31, 2011.